



Nomura Research Institute Group



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Company Name Nomura Research Institute, Ltd.
(Code: 4307 TSE First Section)
Representative President & CEO Shingo Konomoto

NRI Group Medium-Term Management Plan (2019-2022)

Accelerate growth strategies to realize 100 billion JPY operating profits and 100 billion JPY overseas sales

Nomura Research Institute, Ltd. (Head office: Chiyoda-ku, Tokyo; President and CEO: Shingo Konomoto; hereinafter “NRI”) formulated the “[NRI Group Medium-Term Management Plan \(2019-2022\)](#)” (hereinafter referred to as the [Medium-Term Management Plan 2022](#)) (link to Japanese site) detailing our long-term vision “Vision2022¹”, with “Share the Next Values!²” as the vision statement.

■ Medium-Term Management Plan 2022 Targets

The Medium-Term Management Plan 2022 financial goal is operating profits of 100 billion JPY and overseas sales of 100 billion JPY in FY 2022 respectively. The Non-financial goal is to tackle “key for sustainable growth” that are linked to NRI’s growth strategy. Additionally, we newly specified our CSV (Creating Shared Value) as “Solving social issues through value co-creation”. Through such initiatives, we will promote Sustainability Management, balancing the sustainable growth of NRI group with the creation of a sustainable future society.



NRI Group's 3 Social Values and NRI Group's Key Initiatives

| NRI Group's 3 Social Values | | Key NRI Group Initiatives |
|--|---|--|
|  <p>Co-create a thriving future society by driving new value.</p> | <p>Strive to create a future of continuous new value generation that leads to an abundant and safe society where all benefit.</p> | <p>Business Model Transformation</p> <ul style="list-style-type: none"> - DX consulting & analytics - D2C, DX for financial services - Cross-sector cooperation, new market entry support <p>• Policy proposals for society & systems, information & knowledge sharing to promote global discussion & action in all sectors</p> |
|  <p>Co-create an ideal society by effectively utilizing its resources.</p> | <p>Strive to build a more livable society for all people by efficiently utilizing society's main resources of manpower, goods, capital and intellectual property to develop dynamic, strong industry.</p> | <ul style="list-style-type: none"> • Business Process Transformation <ul style="list-style-type: none"> - Strategy/Operations/System Consulting • Resource Optimization with ASP <ul style="list-style-type: none"> - "STAR", "BESTWAY" and other proprietary business platform solutions |
|  <p>Co-create a safe and secure society by advancing its infrastructure.</p> | <p>Strive to build a society safe and secure from accidents and disasters by strengthening cyber-security for information systems and other core social infrastructure.</p> | <ul style="list-style-type: none"> • IT Infrastructure Transformation <ul style="list-style-type: none"> - Cybersecurity business - Cloud & Data Center managed services • Stable Service Operation • Disaster Prevention & Reduction Policy & Disaster Recovery Support |

※ DX (Digital Transformation):

Using digital technology to transform a company's business model, management, and business process, and in turn, changing industry and society

※ D2C (Direct to Consumer):

A system where in-house products and services are sold directly to consumers without a distributor

※ ASP (Application Service Provider):

A business, service, or business model that provides business apps and software to multiple customers via the internet

■ Financial goals of the Medium-Term Management Plan 2022

We set the targets for FY 2022 as net sales of at least 670 billion JPY, operating profits of 100 billion JPY, and overseas sales of 100 billion JPY. For overseas sales in particular, we are aiming to achieve the target through external growth such as M&A. Furthermore, for the growth of the NRI group as well as for returning profits to shareholders, we will implement 14% ROE and consider a dividend payout ratio conforming to the stage of growth.

Actual results for FY 2018 and target for FY 2022 (Consolidated)
(Non-percentage numbers below are in units of 100 million yen)

| | FY2018 (actual) | FY2022 (target) |
|-------------------------|-----------------|-----------------|
| Sales | 5,012 | at least 6,700 |
| Operating profit | 714 | 1,000 |
| Operating profit margin | 14.3% | at least 14% |
| Overseas sales | 530 | 1,000 |
| EBITDA margin | 21.7% | 20% or more |
| ROE | 12.3% | 14% |

■ Growth strategy of the Medium-Term Management Plan 2022

While many companies in Japan understand the effectiveness and necessity of DX, many of them have not been able to start implementing it, or have not been able to achieve results even after implementing. In addition, the entire industry is concerned over the arrival of the "2025 Digital Cliff", where the shortage of IT human resources and the deterioration of IT systems will

lead to a future decline in competitiveness, shortage of human resources, and loss of business opportunities. Keeping this in mind, the NRI Group has set the following three themes as growth strategies in order to meet the expectations of clients, and aims to co-create more value with them.

1. DX: Transform customers' business models / processes

From creating strategies to implementing solutions, we provide comprehensive technological support for transformation of the client's business process and business model. Specifically, we leverage the strengths of the NRI Group and combine real customer experience and data analytics to provide solutions, build high-quality business platforms, and develop new as-a-service type businesses. In this way, we continuously support clients as a partner in innovation and value co-creation. In terms of business platform strategy, we are not only expanding the existing core business of the NRI group, such as high-quality shared services and services for digital assets, but are also supporting customers in creating new businesses and entering new markets by providing new business platforms in line with changes in industry structure. Furthermore, for our cloud strategy, we are carrying out modernization of the legacy system, development of cloud-native apps, and optimization of agility and cost.

2. Global: Start global expansion from Australia and North America

With Australia and North America as the main focus areas, we will expand business bases through external growth such as M&A, with investment scale of M&A estimated to be more than 50 billion JPY in the 4-year period from 2019 to 2022.

In Australia, we are aiming to establish our position as an IT solutions vendor by improving synergy with ASG.

In North America, we are expanding by acquiring high-value-added IP (Intellectual Property) in the digital domain.

3. Human Resources: Improvement and advancement of human and other resources supporting the growth strategies

To help our clients' businesses succeed, we are improving our recruitment and developing talent who will drive and thrive in the digital age. In particular, we are increasing our recruitment and targeted development of specialists such as business designers and data scientists.

NRI alone plans to increase its number of employees by more than 1,000 in the 4-year period from 2019 to 2022, and we aim to improve employee engagement by promoting diversity and supporting diverse working styles.

¹Vision2022: The NRI group's long-term management vision, created in 2016 for the period 2016-2022. For details, please refer to the company website <https://www.nri.com/en/company/vision/>

²Share the Next Values!:

<Share> Diverse human resources inside and outside the NRI Group working hand-in-hand to pool their strengths and create a vibrant future society together with our customers, while sharing achievements and joy.

<Next> Stepping into global, digital, and future domains with a forward-looking spirit to create new business models for the next generation.

<Values> Developing our strengths, creating value by providing various services to society and our clients, and creating a new future-oriented business model

For further enquiries, please contact:

Yasuhiro Komatsu, Corporate Communications Department, Nomura Research Institute, Ltd.

TEL: 03-5877-7100 E-mail: kouhou@nri.co.jp

(Note on forward-looking statements)

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